

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 EUR-12 ISO-00 AID-05 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
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/062 W

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FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 2747

AMCONSUL MILAN

INFO AMEMBASSY MADRID

AMEMBASSY ROME

C O N F I D E N T I A L MANAGUA 1504

E.O. 11652: GDS

TAGS: EFIN, EINV, PINR, IT, SP, US, NU

SUBJECT: ITALIAN AND SPANISH BANKS TO OPEN BRANCHES IN NICARAGUA;

PRESIDENT SOMOZA REPORTEDLY CRTICAL OF SOME U.S.-

NICARAGUAN ECONOMIC TIES

REF: (A) MILAN 499, (B) MANAGUA 1164, (C) MADRID 1162, (D)

MANAGUA 520, (E) MANAGUA 214 (ALL NOTAL)

SUMMARY: PRESIDENT SOMOZA REPORTEDLY USED FUNCTION HONORING A
VISITING ITALIAN BANKER TO LAUNCH THINLY VEILED ATTACK ON PRU-
PORTED U.S. "PRIVILEGED POSITION" IN NICARAGUA. HE IS PROBABLY
REACTING TO PERCEIVED PRESSURES FROM U.S. ON HUMAN RIGHTSISSUES
AND RELUCTANCE OF SOME U.S. BANKS TO PROVIDE FUNDS FOR PROJECTS
DEAR TO HIS HEART. ONE ITALIAN AND TWO SPANISH BANKS WILL REPORTEDLY
TAKE ADVANTAGE OF NEW NICARAGUAN LAW TO ENCOURAGE FOREIGN BANKING
OPERATIONS A LA PANAMA AND BAHAMAS. GON SEEKING ANOTHER \$60
MILLION LOAN FROM SPAIN; IT HAS ALREADY RECEIVED APPROXIMATELY \$50
MILLION FROM SPAIN IN RECENT MONTHS (REF C). ACTION REQUESTED:
EMB WOULD APPRECIATE COPY OF AMBROSIANO BANK REPORT OFFERED REF A.
END SUMMARY

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1. COLONEL DR.ROBERTO CALVI, PRESIDENT OF MILAN'S BANCO
AMBROSIANO, VISITED NICARAGUA MARCH 22-24, ARRIVING FROM BAHAMAS.
LOCAL PRESS ANNOUNCED THAT BANCO AMBROSIANO WILL OPEN OFFICE IN
NICARAGUA TO TAKE ADVANTAGE OF NEW BANKING LAW WHICH PERMITS
QUALIFYING FOREIGN BANKS TO CONDUCT INTERNATIONAL FINANCIAL
OPERATIONS FREE OF LOCAL BANKING RESTRICTIONS (REFS A & B).

2. AT FUNCTION HONORING CALVI, GON OFFICIALS ANNOUNCED THAT NICARAGUA WILL PERMIT ONLY FIVE FOREIGN BANKS TO TAKE ADVANTAGE OF NEW LAW SO AS TO AVOID EXCESSIVE "INFLATIONARY PRESSURES" AND THAT BANCO DE SANTANDER AND BANCO DE COMERCIO EXTERIOR DE ESPANA (REF C) WILL ALSO OPEN OFFICES UNDER THIS LAW.

3. PRESIDENT SOMOZA, WHO ATTENDED ABOVE FUNCTION, REPORTEDLY USED OCCASION TO MAKE THINLY VIELED ATTACK ON U.S. ACCORDING TO EMB SOURCE, SOMOZA REVIEWED NICARAGUAN HISTORY SINCE IDEPENDENCE, CITING WILLIAM WALKER'S FILIBUSTERS AND U.S. MARINE OCCUPATION AS INFRINGEMENTS OF THAT IDEPENDENCE, AND ASKED RHETORICALLY -AND WHAT IS HAPPENING NOW?" SOMOZA, IN AGGRESSIVE TONES, ADDED THAT THE "PRIVILEGED POSITION" OF ANY COUNTRY IN NICARAGUA IS NOW ENDED. "IF WE HAVE TO EAT... THEN WE'LL EAT IT. NO ONE CAN SAY ANYTHING TO US...CONCESSIONS FOR ONLY ONE COUNTRY ARE OVER."

4. CORNELIO HUECK, PRESIDENT OF NATIONAL CONGRESS, WARMLY APPLAUDED SOMOZA'S DIATRIBES AGAINST WHAT THOSE PRESENT PRESUMED TO BE THE U.S. SOMOZA DID NOT, HOWEVER, ACCORDING TO SOURCE, MENTION THE U.S. BY NAME. EMB HAS HEEARD FROM OTHER SOURCES THAT IT WAS HUECK WHO PUSHED NEW BANKING LAW THROUGH LEGISLATURE AND THAT HUECK'S NEPHEW, BOSCO MATAMOROAS, (NICARAGUAN REPRESENTATIVE TO FAO) HAD ARRANGED BANCO AMBROSIANO'S INVESTMENT IN NICARAGUAN OFFICE FOR RUMORED \$100,000 PAYOFF FOR HUECK.

5. LOCAL RADIO HAS ANNOUNCED THAT FOREIGN MINISTER MONTIEL ARGUELLO WILL BE AMBROSIANO'S LAWYER HERE, AND ANOTHER SOURCE CLAIMS THAT DR. JOAQUIN SACASA GOMEZ, ADVISOR TO PRESIDENT SOMOZA, CONFIDENTIAL

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IS TO BE OPERATIONAL MANAGEROF THAT BANK'S LOCAL OFFICE (REF E).

6. MEANWHILE, MARCH 22, PRESIDENTIAL PRESS SECRETARIAT BULLETIN STATED THAT THE GON HAD AUTHORIZED A FINANCIAL DELEGATION TO GO TO MADRID TO NEGOTIATE AN ADDITIONAL \$60 MILLION LINE OF CREDIT WITH BANCO EXTERIOR DE ESPANA (REF D). FINMIN GENERAL GUSTAVO MONTIEL HEADED DELEGATION WHICH LEFT FOR MADRID MARCH 17. OTHER MEMBERS WERE PRESIDENT'S SON, ANASTASIO ("TACHITO") SOMOZA P., HEAD OF NATIONAL PLANNING RICARDO PARRALES SANCHEZ, DR. ABRAHAM CHAVEZ ESCOTO, LIC. LEON DEBAYLE (REF E), LIC. GUILLERMO CANO P., DR. LEOPOLDO SANCHEZ AND COL. ADONIS PORRAS. LATTER IS A PRIVATE SECRETARY TO PRESIDENT SOMOZA AND HAS BEEN ACCUSED OF INVOLVEMENT IN SHADY DEALINGS INVOLVING MANAGUA RECONSTRUCTION.

7 COMMENTS: PRESIDENT'S SOMOZA'S ALLEGED ATTACKS ON U.S. PROBABLY STEM, INTER ALIA, FROM HIS ANGER OVER HUMAN RIGHTS ISSUES AND HIS SUSPICION THAT US. BANKS, LED BY EXIMBANK, ARE OPPOSED TO HIS REGIME AND TO GIVING CREDIT TO GON PROJECTS. AS MANIFESTATION OF THIS SUSPICION, EMB HAS NOTED RECENT STRONG PROCLIVITY ON SOMOZA'S

PART TO DIVERSIFY GON'S SOURCES OF FINANCING AND PROCUREMENT. AT SAME TIME, HE AND MEMBRS OF HIS ENTRougAGE, ESPECIALLY TACHITO, REPORTEDLY SEEK TO PROFIT PERSONALLY FROM WHATEVER LOANS, SUCH AS SPANISH LOANS, THEY CAN ARRANGE. THE ESTABLISHMENT OF AMBROSIANO AND SPANISH BANK OFFICES IN NICARAGUA SHOULD FACILITATE SOMOZA'S ALLEGED PROCLIVITY FOR WHEELING AND EALING IN BUSINESS VENTURES AT HOME AND ABROAD. AT SAME TIME, THE LEGAL REQUIREMENT (REF B) THAT ALL SUCH BANKING BUSINESS BE CONDUCTED VIA TELECOM-MUNICATIONS MEDIA WILL ENABLE SOMOZA'S SECURITY SERVICE TO MONITOR ALL TRANSACTIONS.

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Message Attributes

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TAGS: EFIN, EINV, PINR, SHUM, IT, SP, US, NU, BANCO AMBROSIANO, BANCO DE SANTANDER, BANCO DE COMERCIO EXTERIOR DE ESPANA, (SAMOZA DEBAYLE, ANASTASIO)
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